MR. S. J. NAIR :
445. To reduce the total allotment of Rs 9, 30,510 under Demand VI by Re. 1.

MR. S. J. NAIR :
446. To reduce the total allotment of Rs. 9,30,510 under Demand VI by Re. 1.

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451. To reduce the total allotment of Rs. 9,30,510 under Demand VI by Re. 1.

MR. K. M. KRISHNAN :
452. To reduce the total allotment of Rs. 9,30,510 under Demand VI by Re. 1.

MR. M. K. MADHAVAN PILLAI :
453 To reduce the total allotment of Rs. 9,30,510 under Demand VI by Re. 1.

MR. K. R. ELENKATH :
454. To reduce the total allotment of Rs. 9,30,510 under Demand VI by Re. 1.

MR. A. THANU PILLAI :
455. To reduce the total allotment of Rs. 9,30,510 under Demand VI by Re. 1.

MR. K. SANKARAN :
456. To reduce the total allotment of Rs 9,30,510 under Demand VI by Re. 1.

MR. K. SANKARAN :
457. To reduce the total allotment of Rs. 9,30,510 under Demand VI by Re. 1.

MR. K. KUNJUKRISHNA PILLAI :
458. To reduce the total allotment of Rs. 10,49,307 under Demand VI by Re. 1.

PRESIDENT : The motion before the House is that Government be granted a sum of Rs. 9,30,510 *minus* the sum of Rs. 5, which the House has reduced under motion No. 381, under Demand VI Land Revenue.

The question was put and the grant was made.

The House adjourned for lunch at 1 P. M. and reassembled at 2 P. M. with the Deputy President in the Chair.

DEMAND VII—TAXES ON INCOME.

MR. K. GEORGE : (*Land Revenue and Income Tax Commissioner*) : Sir, I rise to move for a sum of Rs. 22, 151 under Demand No. VII Taxes on Income.

Motion No. 459.

MR. S. CHATTANATHA KARAYALAR (*Shencotta*) : Sir, I beg to move the following motion :—

"To reduce the allotment of Rs. 3,850 for Collectors (Temporary) by Rs. 5"

Sir, Government's case for the appointment of two Income Tax Collectors, one for the towns of Alleppey and Quilon and the others for

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[Mr. S. Chattanatha Karayalar]

the municipal towns of Trivandrum and Nagercoil is stated in the speech of the Financial Secretary introducing the Budget. It is stated that there is considerable leakage of revenue; and to prevent the leakage, it is proposed to appoint two full-time collectors. I take it that Government must be in possession of facts and figures to convince them of the necessity for the appointment of these collectors. I also presume that the present collectors must have brought to the notice of the Government that there is real leakage of revenue. If so, I want to know whether the machinery provided by Section 25 of the Income Tax Regulation cannot be availed of for the purpose of assessing such income. Section 25 lays down, that where income chargeable in any year escapes assessment, it may be assessed before the end of the next year. We should be satisfied that the machinery of Section 25 is inadequate to deal with the question of leakage, before we can assent to the allotment being granted. Another point which I want to emphasise is that, since these two collectors are obviously intended to do intensive assessment work in the localities referred to, I am not sure whether one collector will be able to do justice to assessment work in two municipalities, as his attention will be divided. If intensive work is to be done, I think that there is a case for the appointment of one collector for each municipal area. I wish to know whether the two collectors will be able to do full justice to the work proposed to be entrusted to them.

Another point which I want to emphasise is that, under the proposed arrangement, the jurisdiction of these collectors is unlimited. The proposal is to appoint collectors on Rs. 175. I ask, Sir, whether it is safe and expedient to confer unlimited jurisdiction upon officers of the status of a Tahsildar. It may be that these collectors will have to deal with assessees in receipt of huge incomes, say Rs. 30,000 or Rs. 40,000 per annum. I would suggest that the pecuniary jurisdiction of these officers be limited to a maximum of Rs. 15,000. It is with the object of eliciting information on those points I have moved this motion and I now leave it before the House.

MR. K. P. KRISHNA MENON (*Parur*) Sir, I oppose the motion.

DEPUTY PRESIDENT: Just wait a minute; I wish the Law Member will tell the House what will be the effect of this motion, when disposed of on the following motions.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): Sir, the following motions, motions 460 to 464, are for the omission of the entire item. If the entire item is omitted, then the motion for the reduction of Rs. 5 and Re. 1 cannot arise I think the procedure to follow is to take up the motion for deleting the entire item and if it does not succeed, to take up items for the reduction of Rs. 5 or Re. 1 as the case may be. If the entire item is reduced then the whole thing goes.

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DEPUTY PRESIDENT : I think that will be a good thing to do. But I have already given permission to Mr. Karayalar to move his motion.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*) But the Chair has got the power to hold it on.

DEPUTY PRESIDENT : So, that may be held up till the other motions are disposed of.

Motion No. 460.

The following motion was not moved :—

MR. R. RAMAN PILLAI :

460. To omit the allotment of Rs. 3,850 for Collectors (Temporary).

Motion No. 461.

MR. K. R. ELENKATH (*Kalkulam I*) : Sir, I beg to make the following motion :

To omit the allotment of Rs. 3,857 for Collectors (Temporary).

My object in omitting the whole allotment is to bring to the notice of the House that the Income Tax Collectors, as proposed to be appointed, from the beginning of the next year, if appointed, will not serve the purpose for which the provision is intended. It was this time last year that we voted against the provision for two Income Tax Inspectors and now we find that two Income Tax *Collectors* are to be substituted in their stead. Of course, their salaries have been increased and the nature and extent of their work has been revised. At the same time, I do not find scope for intensive work for these officers even though they are expected to prevent leakage in revenue if there is a leakage at all. The Financial Secretary in his speech says that the fall under income tax revenue is partly due to the economic depression. Sir, he admits that at least a part of the decrease can be accounted for by the prevailing economic depression. The revenue, for the year 1107 was Rs. 4,99,519. It has, of course, gone down in 1108 to Rs. 4,30,633. We see only a diminution of Rs. 68,886. Coming to this year, we find that the revenue has increased by Rs. 10,000. The revised estimate shows that it is Rs. 4,69,000. So I cannot see eye to eye with the Financial Secretary that there has been considerable leakage especially owing to lack of work by the departmental authorities.

Sir, another argument that the Financial Secretary advances for the creation of this new appointment is that the Tahsildars are saddled with additional work. This is what he says :—

> "The present collectors of income tax are the Dewan Peishkars, the Commissioner, Devicolam, the Assistant Dewan Peishkars and the Tahsildars. Saddled as these officers are with their multifarious functions, they find very little time to devote to their income tax work."

Sir, after the separation of the Revenue and Devaswom Departments, the Tahsildars' work cannot be compared to the work that they had been doing before. I cannot believe that the work of these officers has in any way increased.

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Another point that I want to bring to the notice of the House is that, so far as the ranking of these officers is concerned, it is an anomaly. The officer on Rs 175 is equal in status to a Tahsildar. I doubt very much whether they will come under the authority of the Tahsildar or the Assistant Dewan Peishkar. Moreover, we find only four towns which are proposed to be brought under the jurisdiction of these officers. If intensive work is required, I doubt whether one collector at Nagercoil and Trivandrum can look after his work properly. So also with regard to the other officer at Alleppey and Quilon. At the same time, provision is made not for the entire work of this branch under the collectors because the business of assessing companies lies outside the powers of these officers. I understand that the work of income tax is, to a large extent, based on the accounts of companies. There are, of course, small holders of business who come within the purview of the work that is to be turned out by these officers. I cannot see any reason why, even after the creation of these new officers, the business of the assesment of companies should be removed from their purview. If at all more work is to be done, more officers should be appointed ; and if more officers are appointed, it can be justified only by a very large amount of revenue to be saved from leakage as the result of the work of the collectors. I very much doubt whether these officers, if appointed, can in any way bring into the coffers of Government a high proportion of revenue, an amount which will in any way approximate to the expenses involved in the pay and allowances of these officers. I, therefore, bring forward the motion for the consideration of the House.

MR. T. P. VELAYUDHAN PILLAI (*Tiruva'la III*) സർ, മി. ഇലങ്കത്തു് ഈ സഭയുടെ സ്വീകരണത്തിനായി സമർപ്പിച്ചിട്ടുള്ള ഉപക്ഷേപത്തെ ഞാൻ എതുക്കുന്നു. അതിനു പല കാരണങ്ങളുമുണ്ടു്. ഒന്നാമതായി, ആദായനികുതി സംബന്ധിച്ചുള്ള കാര്യങ്ങൾ ഇപ്പോൾ നിർവ്വഹിച്ചുവരുന്നതു് ദിവാൻപേഷ്കാരന്മാർ, ദേവികുളം കമ്മീഷണർ, അസിസ്റ്റൻറു ദിവാൻപേഷ്കാരന്മാർ, തഹശീൽദാരന്മാർ എന്നിവരാണു്. ഇവർ ഈ ജോലിയിൽ വേണ്ടപോലെയുള്ള താല്പര്യം പ്രദർശിപ്പിക്കുന്നില്ലെന്നും ഉത്തമമായനിലയിൽ ഈ ജോലി നിർവഹിക്കുന്നില്ലെന്നും ഉള്ള സംഗതി അഡ്മിനിസ്ട്രേഷൻ റിപ്പോർട്ടിന്റെ പരാമർശത്തിനിന്നും സ്പഷ്ടമാകുന്നുണ്ടു്. അതു ഇപ്രകാരമാണു്.

> "—while the Dewan Peishkar of Quilon inspected only 6 and the Dewan Peishkar, Trivandrum, only 5 Collectors' offices. The Land Revenue and Income Tax Commissioner inspected the offices of all the Collectors. The Land Revenue and Income Tax Commissioner will see that the Dewan Peishkars and the Commissioner, Devicolam, inspect all the offices of Collectors subordinate to them at least once a year in future."

ഇതിൽനിന്നും ആദായനികുതിസംബന്ധിച്ചുള്ള ഭരണം തൃപ്തികരമായി നടത്തുന്നില്ലെന്നു മനസ്സിലാക്കാവുന്നതാണു്.

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ഫിനാൻഷ്യൽസിക്രട്ടറിയുടെ ബഡ്ജറ്റ പ്രസംഗത്തിൽ ൻ-ാം വശത്തു് ഇപ്രകാരം കാണുന്നു.

"There are, however, reasons to believe that there is some leakage of revenue owing to the inadequacy of the existing assessing agency. The present collectors of income-tax are the Dewan Peishkars, the Commissioner, Devicolam, the Assistant Dewan Peishkars and the Tahsildars. Saddled, as these officers are, with their multifarious functions, they find very little time to devote to their income-tax work".

ഇതിൽ പറഞ്ഞിട്ടുള്ള വസ്തുത ഏറ്റവും പരമാർത്ഥമാണെന്നു അനുഭവസ്ഥന്മാക്കറിയാം. ഇപ്പോഴത്തെ റവന്യൂ അധികാരികൾക്കു മറ്റുവിധത്തിലുള്ള ജോലികളുടെ ബാഹുല്യത്താൽ ആദായനികുതിസംബന്ധമായ ജോലികൾ നിർവഹിക്കാൻ സമയംകിട്ടുന്നില്ല. അതുകൊണ്ടു ആ ഇനത്തിൽനിന്നും സ്റ്റേറിനു് ലഭിക്കാനുള്ള ആദായം നഷ്ടപ്പെട്ടുവരികയാണു് ചെയ്യുന്നതു്. ഈ സ്ഥിതിക്കു് ആദായനികുതിസംബന്ധമായ ഭരണം കൂടുതൽ കാര്യക്ഷമവും ഗവണ്മെൻറിനു കൂടുതൽ ആദായകരവും ആക്കുന്നതിനു് ഇപ്പോൾ നിർദ്ദേശിച്ചിട്ടുള്ള പദ്ധതി അനുസരിച്ചു് രണ്ടു കളക്ടർമാരേ നിയമിക്കുന്നതു കൂടുതൽ പ്രയോജനകരമായിരിക്കുന്നതാണു്.

ആദായനികുതി കളക്ഷൻസിനെ ഇപ്പോൾ ആവശ്യപ്പെട്ടിരിക്കുന്നതു് ഒരു വർഷത്തേക്കു ടെമ്പററിആയിട്ടാണു്. ഈ രണ്ടുദ്യോഗസ്ഥന്മാരുടേയും ഒരു വർഷത്തെ പ്രവർത്തികൊണ്ടു രാജ്യത്തിനു കൂടുതൽ ആദായം ലഭിക്കുന്നുണ്ടെന്നു ബോദ്ധ്യപ്പെട്ടുന്നെങ്കിൽമാത്രമേ അവരെത്തുടർന്നു കൊണ്ടുപോകുവാൻ നാം അനുവദിക്കേണ്ടതുള്ളൂ. അതുകൊണ്ടു് താല്ക്കാലികമായി പരീക്ഷണാർത്ഥം പ്രവർത്തിച്ചുനോക്കുന്നതിനുള്ള അവസരം അവർക്കു് കൊടുക്കേണ്ടതു ജനപ്രതിനിധികളുടെ കടമയാണു്.

ഈ ജോലി ചെയ്യുവരുന്ന ഉദ്യോഗസ്ഥന്മാരുടെ കീഴ്സിബ്ബന്ധികൾ നടത്തിവരുന്ന അനാശാസ്യമായ നടപടികളുടെഫലമായി പൊതുജനങ്ങൾക്കു് പലവിധത്തിലുള്ള നഷ്ടങ്ങൾ ഉണ്ടാകുന്നുണ്ടു്. യഥാർത്ഥത്തിൽ ആദായനികുതികൊടുക്കാൻ നിവർത്തിയില്ലാത്തവർക്കും അങ്ങിനെ അവശ്യപ്പെടുന്നതിനു യോഗ്യതയില്ലാത്തവർക്കും വർഷാരംഭത്തിൽ നോട്ടീസ് അയച്ചു് അനാശാസ്യമായ ഫലങ്ങൾക്കു് കാരണമാക്കിവരുന്നുണ്ടു്. അതുകൊണ്ടു് അതിലേക്കു് പൂർണ്ണാധികാരവും അധികാരവുമുള്ള ഉദ്യോഗസ്ഥന്മാരെ പ്രത്യേകമായി നിയമിക്കണമെന്നുള്ള ഗവണ്മെൻറിൻെറ നിർദ്ദേശത്തെ നാം അനുവദിക്കേണ്ടതാണു്. അതുകൊണ്ടു മിസ്റ്റർ ഇലങ്കത്തിൻെറ ഉപക്ഷേപത്തെ ഞാൻ എതിർക്കുന്നു.

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MR. S. J. NAIR (*Nedumangad*): Sir, I support the motion brought forward by Mr. Elenkath. Last year, this time, we proposed the abolition of the Income Tax Inspectors: and we are glad that the Government have done away with them. But this time they are bringing forward another proposal almost identical in nature in another form.

DEPUTY PRESIDENT: He has said all that. You need not repeat: not that I want to prohibit you to speak, but I simply call your attention to the fact that several members have stated that.

MR. S. J. NAIR (*Nedumangad*): I am coming to another point Sir. From the abstract of Revenue and Expenditure found in the budget, we find that, as a result of the abolition of the income tax Inspectors, last year—

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): How many assessees are there in the Nedumangad taluk?

DEPUTY PRESIDENT: Mr. S. J. Nair need not take the trouble to answer that question. That question does not arise.

MR. S J. NAIR (*Nedumangad*): I do not answer, Sir.

So, from the revenue realised last year from this source, it is found that the revenue has not suffered a little as a result of the abolition of the Income Tax Inspectors. And further it is admitted in the Financial Secretary's speech that there is some fall in the revenue and that fall is due to the present economic depression.

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): It is only partly due to the economic depression.

MR. S. J. NAIR (*Nedumangad*): Sir, it is partly due to the present economic depression. Sir, at a time when economic depression prevails in the land it is not the time when two income tax collectors should be appointed, who are not responsible officers, in the State and permit them to perform certain depredations in the case of people following various professions in the municipal towns in Travancore. Sir, when we take into consideration the case of Tahsildars, who are income tax collectors in the Taluks, we find that they know nothing, or at least some of them know nothing, of the principles of income tax,

MR. K. P. KRISHNA MENON (*Parur*): Then may I ask, whether it is not better to relieve the Tahsildars from the present income tax work?

MR. S. J. NAIR (*Nedumangad*): There is no such proposal before the House at present. So, we need not consider that proposal.

MR. K. R. ELENKATH (*Kalkulam I*): May I know whether the Tahsildars of all the taluks will be relieved of this work?

MR. S. J. NAIR (*Nedumangad*): There is no such motion before the House and there is no necessity for me to give any opinion on that subject.

DEPUTY PRESIDENT: I think that may be useful, because, in considering this question of appointment of the income tax collectors, relief that may be given to the Tahsildars is a relevant matter. If you have an answer, you can give.

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MR. S. J. NAIR (*Nedumangad*) : In the case of Tahsildars who are ignorant of the principles of income tax, they may be relieved of this work. There are many instances where the Tahsildars are ignorant of such principles. In my own taluk of Nedumangad, the Tahsildar does not know anything about the principles of income tax. In several unnecessary cases, 'D' Form notices are issued simply to harass the people.

DEPUTY PRESIDENT : I don't like the member should make references to individual officers in such wholesale manner and say that the Tahsildar knows nothing of income-tax. I am sure he must know something.

MR. S. J. NAIR (*Nedumangad*) : Sir, the wearer of the shoe alone knows where it pinches. So, I can assure that the Tahsildar at Nedumangad knows very little about the principles of income tax collection. Coming to the proposal again that two income tax collectors should be appointed in order to look after the income tax work of Trivandrum, Nagercoil, Alleppey, and Quilon Municipalities, I do not find the reason why these two income tax collectors alone need be appointed for the work. After all, are there only these 4 Municipal Towns in the State? There are various other persons and Municipalities to be taxed. Even in Nagercoil, I understand from Mr. Sivatanu Pillai, there is a big business man, the proprietor of the Pioneer Motor Bus Service, who has not been assessed as yet. We understand that even high officers, who are income tax collectors and who are more responsible and powerful than the proposed income tax collectors are not able to assess that person. (Mr. M. Sivatanu Pillai: *Hear, hear*) Such being the case, I ask, what utility would be served by the proposed appointment of two petty officers as income tax collectors, excepting to see that only poor people are taxed by these people.

DEPUTY PRESIDENT : I think you must have some regard to the observations made by the Chair. Why should you have personal references to these matters?

MR. PUTHUPALLI S. KRISHNA PILLAI (*Quilon II*) : Sir, I rise to a point of order. May I know whether there is anything under the Rules or Standing Orders restricting our right to make personal references regarding the officers?

DEPUTY PRESIDENT : Mr. Krishna Pillai is out of order. He has absolutely no right to question a ruling of the Chair.

MR. PUTHUPALLI S. KRISHNA PILLAI (*Quilon II*) : Sir, I wanted to clear the point for future guidance alone.

DEPUTY PRESIDENT : A member is expected to read the rules with such commentaries as may be obtained. The Chair does not propose to give grounds for all rulings. The ruling must be submitted to. Mr. Krishna Pillai is out of order.

MR. S. J. NAIR (*Nedumangad*) : I referred to personalities simply to convince the House of the force of my argument.

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MR A S. DAMODARAN ASAN (*Mavelikara*): Is it the member's view that the number of collectors should be more than two?

MR. S. J. NAIR (*Nedumangad*): If income tax collectors are appointed, the number should be more than two.

MR. A. S. DAMODARAN ASAN (*Mavelikara*): Then, is it not better that we should cut off even the two ?

MR. S. J. NAIR (*Nedumangad*): It is better to have none under the circumstances when there is economic depression in the land.

MR. A. THANU PILLAI (*Trivandrum-Rural*): Will there be a collector for Nedumangad taluk?

MR. S. J. NAIR (*Nedumangad*): There is no need for a collector for Nedumangad taluk. Sir, we are poor agriculturists and we have nothing to give by way of income tax.

MR. EDAVANATT S. PADMANABHA MENON (*Shertala I*): May I know whether the jurisdiction of the two officers may be extended to the whole State ?

MR. S. J. NAIR (*Nedumangad*): It is practically impossible to have the jurisdiction of the two officers extended to the whole State. These two people would not be in a position to cope with the enormous volume of work that they would be faced with.

MR. T. K. ALEXANDER (*Kunnatnad I*): I have very great pleasure in supporting the arguments advanced by my friend, Mr. T. P. Velayudhan Pillai in opposing the motion before the House. In this connection, I wish to correct the members who spoke on the motion now that last time we were discussing the abolition of the income tax inspectors not on the ground that they were not required. But it is not really the case now. The case then brought forward was that the inspectors were not functioning properly under the Land Revenue Department. Sir, the Land Revenue Department is saddled with much work and they have to attend to their proper sphere of work. While attending to the duty of income tax collection, they have other works to attend to and this is only a subsidiary work they are asked to do.

Then about the leakage of revenue referred to by certain members. They all admit that there is sufficient leakage of revenue. That has also to be prevented as far as possible.

Again, Sir, we should be reasonable in our demands and our suggestions. We have the other day passed that 50 per cent. of the school fees and college fees should be abolished.

MR. K. R. ELENKATH (*Kalkulam I*): Is it the member's view that because by the reduction of fees Government is going to have a loss in revenue, they want to create more posts.

DEPUTY PRESIDENT: Let us give the member a certain amount of latitude in discussion.

MR. T. K. ALEXANDER (*Kunnatnad I*): We want to prevent leakage of revenue which the State should legitimately claim. Yesterday we passed a cut motion to the effect that 50 per cent. of the land

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revenue should be given remission and I hope Government will give serious consideration to that also.

Further, Sir, coming to the income tax, only those who are able to pay are brought under the scope of the Income Tax Regulation and I am sure that the poor agricultural population which is the majority is not brought under this Regulation. And the big merchants and industrialists should not grudge paying their due share which the Government should claim. Then, Sir, the post itself is temporary only and as a tentative measure it is taken and we should wait and see how far these two income tax collectors will progress in the sphere of collecting income tax. With these words, I oppose the motion.

RAO SAHIB S. PARAMESVARA AIYAR (*Nominated*): Sir, I rise to oppose the motion of Mr. Elenkath. I feel that, in important Municipal towns like Trivandrum, Nagercoil, Quilon and Alleppey, it is necessary to have separate income tax collectors for assessing all possible assessees. After all, the two appointments now proposed are temporary for one year. The Assistant Dewan Peishkars who have now to do a lot of income tax work find it absolutely impossible to devote any time for that work on account of the heavy criminal work with which they are faced; and from that stand-point also it is necessary that there should be separate income tax collectors. My only doubt is whether unlimited jurisdiction should be given to these income tax collectors in the matter of assessment. It strikes me that it would be better to invest these collectors with jurisdiction up to Rs. 5,000 and to take the remaining cases of assessment on the files of the Dewan Peishkars these officers being given any much assistance as they require by the income tax collectors.

MR. S. J. NAIR (*Nedumangad*): May I know from the member whether the Municipality of Kottayam is inferior in importance to the Municipality of Alleppey?

RAO SAHIB S. PARAMESVARA AIYAR (*Nominated*): Certainly, from the point of view of income tax, Kottayam is considerably inferior to Alleppey.

MR. M. K. JANARDANA KAMMATHI (*Commerce and Industry, North*): സർ, ഇവിടെ അവതരിപ്പിച്ചിട്ടുള്ള ഉപക്ഷേപത്തെ ഞാൻ എതുക്കുന്നു. അതിനുള്ളകാരണം ആദായനികുതിസംബന്ധമായ കാര്യത്തിൽ ചുമതല യുള്ള ഉദ്യോഗസ്ഥന്മാർ, ഒരുവന് ആദായംഉണ്ടോ ഇല്ലയോ എന്ന് നോക്കിയിട്ടല്ല നികുതി ചുമത്താറുള്ളത്. ഈ കാര്യത്തിൽ ഗവണ്മെൻറ് പ്രത്യേകം ശ്രദ്ധിക്കണം. ഇപ്പോൾ ഈ ജോലി ചെയ്യുവരുന്ന തഹശീൽദാരന്മാർ പേഷ്കാരന്മാർ, അസിസ്റ്റൻറ് ദിവാൻപേഷകാരന്മാർ എന്നിവക്ക് തങ്ങളുടെ ജോലികൾക്കും പുറമേ ഈവക ജോലികൾക്കൂടി തൃപ്തികരമായ വിധം ചെയ്യാൻ നിവർത്തിയില്ല. തൻനിമിത്തം ഗവണ്മെൻറിന പ്രതിവർഷം ഒരു വലിയ തുക നഷ്ടപ്പെടുന്നുണ്ട്. ആദായനികുതികൊടുക്കാൻ നിവർത്തിഇല്ലാത്തവക്കുപോലും "ഡി" ഫാറം നോട്ടിസു

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[Mr. Janardana Kammath,]

കാര്യം അയച്ച വിഷമിപ്പിക്കുന്നുണ്ട്. നോട്ടീസിൽ കാണിച്ചിരിക്കുന്നത നുസരിച്ച് യാതൊരു ആദായവും ഇല്ലെന്നുകണ്ടാലും വേണമെന്നു തോന്നു ന്നപക്ഷം ഒരുതുക തൊഴിലാളികളിൽനിന്നും ആദായനികുതിയായി പി രിക്കുവാൻ എളുപ്പമുള്ളതാണ്. ഓരോ ഇനത്തിലുമുള്ള വരവുചിലവു കളെ കാണിച്ച് കണക്കുവയ്ക്കുന്നതിനു കച്ചവടക്കാക്ക് സൌകര്യമുണ്ടെ ങ്കിലും അതു ശരിയായി നോക്കാതെ ഇപ്പോഴത്തെ കളക്ടന്മാർ അവരുടെ ഇഷ്ടംപോലെ ഒരുതുക "Income derived from other sources" എന്ന ഇ നത്തിൽ ചേർത്തു യഥാർത്ഥത്തിൽ ഇല്ലാത്ത വരവിന് നികുതി കച്ചവ ടക്കാരിൽനിന്നും പിരിച്ചുവരുന്നു. ഇതിന്റെ പരിഹാരത്തിനായി ഗവ ണ്മെന്റിന്റെ നിർദ്ദേശമനുസരിച്ച് രണ്ട് ഇൻ കംടാക്സ് കളക്ടറേറ്റുസി നെ നിയമിക്കേണ്ടതു അത്യാവശ്യമാണ്. ഈ അഭിപ്രായത്തോടുകൂടി ഞാൻ ഈ ഉപേക്ഷാപത്തെ എതിർക്കുന്നു.

MR. ABDUR RAHIMAN SAHIB (*Nominated*): I wish to add a few words in opposing the motion now before the House.

It is clear from the speech of the Financial Secretary that there is some leakage of revenue in income tax on account of want of capable hands. It is also clear that there is substantial fall in the income under this head during the last two years. The income during the last two years is much lower than the income in the previous eight years. Sir, it is now about 12 years since the Income Tax Regulation came into force in this State. Still, the results of the working of this branch are not quite satisfactory so far as the revenue is concerned. The Financial Secretary rightly explained that, in the interests of Government revenue, and to prevent leakage and loss of income tax really due to Government, two full-time collectors, especially in the important towns of Trivandrum, Quilon, Nagercoil and Alleppey, are indispensable. Certainly, the economic depression is also responsible, to some extent, for this fall in revenue under this head. But, that does not mean that we should not make sufficient arrangements to see that all assessable income is assessed to income tax. Sir, I am one who believes that division of labour is always conducive to efficiency. I really hope that the proposed measure will yield substantial good results. If, as a result of experience, it is found that these appointments do not yield material and tangible results, it is open to us to insist on the posts being done away with. Therefore, at least as a temporary measure, the arrangement may be tried for a year, especially in view of the assurance given by the Financial Secretary that leakage of revenue in this Department may be avoided by the appointment of two full-time collectors, who will be able to focus their whole attention on the matter. May I hope that this wise step is the beginning of the separation of the Income Tax Department from the Revenue?

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MR. K. SANKARAN (*Kartikapalli I*): Sir, here is a proposal relating to a sort of revenue payable by a set of people who can admittedly afford to pay. We, the non-official members of this House, have been repeatedly urging upon the attention of Government that they should not extract their full dues, even in these days of depression, from the poor people of the country, who find it extremely difficult to make their both ends meet. But in the case of income tax, Sir, the revenue is to be collected only from people who can afford to pay. And the Financial Secretary has assured us that there *is* leakage of revenue on this account. Government must be given every facility to assess all assessable incomes, especially now when they are at their wit's end to realise the revenue they require and when we are asking them to give concessions to the poor masses in the country. People who can afford to pay must be made to pay their dues to Government in full.

I would also suggest, Sir, that the minimum assessable income may be reduced to Rs. 1,500 from Rs. 2,000 since the value of money has gone up. At any rate, it is absolutely necessary that the Government is given a chance to try and recover the whole of their income tax rightly due to them.

With these words, I oppose the motion.

MR. K. GEORGE (*Land Revenue and Income Tax Commissioner*): Sir, the Income Tax Regulation has been in force in Travancore from 1097, that is, for the past twelve years As a result of my experience for the last one year in this Department, I feel that there is reason to believe that we are not getting the full benefit of the Regulation. The receipts under this head do not show that expansion which we have reason to expect. In the very first year, we got something like Rs. 4,12,301 ; and it went on slowly increasing until the income reached Rs. 7,33,858 in 1104. Since then, there has been a steady fall. No doubt, part of this fall has been due, as the Financial Secretary stated in his Budget speech, to the economic depression. But, it is my firm conviction that we are not getting all the income that is legitimately due to us under this head. I have been going round inspecting the income tax collectors' offices. There have been several cases in which I had to revise and increase the assessments after an examination of accounts by the income tax Auditor. I have also had occasion to revise the assessments on review of the calendar of cases submitted by the Income Tax Commissioners who decided cases in appeal.

Sir, it must be remembered that the Income Tax Regulation is being worked by the Revenue Department. The collectors are the Dewan Peishkars and the Devicolam Commissioner, the Assistant Dewan Peishkars and the Tahsildars. The Dewan Peishkars assess all incomes above Rs. 10,000. The Devicolam Commissioner, for special local reasons, assesses incomes above Rs. 3,000. The Assistant Dewan Peishkars assess incomes between Rs 3,000 and Rs. 10,000; and the Tahsildars assess incomes up to Rs. 3,000. One reason for my apprehension that there is leakage of revenue is that these officers do not have sufficient time to devote to this work. The Assistant Dewan Peishkar

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[Mr. K. George.]

are also First Class Magistrates, and, as my friend Mr. Paramesvara Aiyar, who has direct personal experience, stated, these officers are a set of very hard-worked officers. Naturally, therefore, they regard income tax work as a sort of subsidiary employment, outside the scope of the normal and regular duty. Of course, they do not say that income tax work does not form part of their work. But, as a matter of fact, they are not able to find much time for the work. As it is, they devote only some scrappy sort of attention to income tax work towards the close of each day, after a day's hard work and when they are absolutely done up. As a rule, these officers are not also sufficiently well equipped with the necessary specialised knowledge of income tax work. They are not conversant with the commercial system of accounting. Their knowledge of income tax law is rather limited. For proper working of the Regulation, the officer must know how the provisions are being interpreted elsewhere, in British India for instance. Certainly, they have not got time to equip themselves properly for this work.

MR. S. J. NAIR (*Nedumangad*): Have the Tahsildars got this knowledge of income tax work?

MR. K. GEORGE (*Land Revenue and Income Tax Commissioner*): They have not; that is what I say. My remarks apply equally to the Tahsildars, to the Assistant Dewan Peishkars and to the Dewan Peishkars.

Therefore, Sir, naturally, in the matter of assessment, a great deal is left to the subordinates of the Department. With a view to safeguard the interests of Government and also to save the tax-payers from mis-application of the provisions of the Regulation, I have made the proposal to appoint two full-time income tax collectors.

MR. A. S. DAMODARAN ASAN (*Mavelikara*): Is the Department going to leave the assessees in the rural area to the mercy of these people?

MR. K. GEORGE (*Land Revenue and Income Tax Commissioner*): I have for the present allotted to the two collectors the four municipal areas that I have mentioned, for various reasons. The total number of persons in the whole state to whom C and D notices were issued in 1108 was 6,072 and the total number of persons who were assessed was 2,293. I find that, out of this, 1,850 C and D notices were issued in the towns and the number of assessees in them was more than a third in the whole State. It was 902.

MR. K. R. ELENKATH (*Kalkulam I*): May I know from the member the number of assessees in the year 1103 and the number of assessees in the year 1108?

MR. K. GEORGE (*Land Revenue and Income Tax Commissioner*): I am sorry, Sir, that I cannot give the information as I have not got all the Administration Reports before me. A question was asked about the other municipal towns. The assessment in them is comparatively small. Even Kottayam had in 1108 only 92 assessees as

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against 220 in Alleppey, 139 in Quilon, 440 in Trivandrum and 103 in Nagercoil. That is why this experiment is for the present confined to these four municipal towns. When they are taken up, practically a third of the assessment of the whole State will be covered.

One misunderstanding appears to exist in the minds of some members that this is a revival of the old Income Tax Inspectors. It is perfectly plain that it is not. The old Income Tax Inspectors were not officers under the Income Tax Regulation. They were not assessing officers and they had no powers under the Regulation They were, as somebody said, a sort of C. I. D. Inspectors who went about collecting private information about the income of the assessees. After all, it was not a very healthy arrangement. But the income tax collectors whom I propose are statutory officers having the power of assessment. One advantage of having separate full-time collectors is that they can get into touch with the mercantile classes which the present officers have neither the opportunity nor the facility of doing. Often when they are checking one man's account, they will come across entries which will lead to some other assessees who can easily be brought in for assessment. Further, the tax paying public can have access more easily to these full-time officers than to the Assistant Dewan Peishkars and the Tahsildars who do this work in addition to their multifarious duties. These are the advantages which I contemplate from the creation of these posts. After all, we are making an experiment and my hope is that the experiment will prove successful and that we would realise far more than we spend on them.

One or two other points also were raised in this connection. One was about the monetary jurisdictions of these officers. No doubt, that is a point which must be carefully looked into. What I had in contemplation was to give them full assessing powers in these municipalities, leaving only the assessment of companies to the Dewan Peishkars. There is a real difference between the assessment of companies and the assessment of the rest. Companies usually maintain proper accounts, they draw up their profit and loss statements and their balance sheets carefully and these are audited properly by qualified accountants. We can therefore more or less depend on their accounts. It is different in the case of private individuals, merchants and bankers. That is why the difference is made in the case of the companies. The income tax collectors who work in these towns will therefore deal with all assessments in which accounts will have to be very carefully scrutinised. I think it would be advisable to have these experts to attend to these miscellaneous accounts.

RAO SAHIB S. PARAMESVARA AIYAR (*Nominated*): Can these collectors, who draw only Rs. 175, be presumed to be of sufficient status to make assessments of Rs. 30,000 and Rs. 40,000?

MR. K. GEORGE (*Land Revenue and Income Tax Commissioner*): It is true that their status is not very high. But at the same time, there is this advantage that the Dewan Peishkar will be an appellate authority over them while the Income Tax Commissioner will have the power of revision. We can try this for one year and revise their jurisdictions, if necessary.

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MR. A.THANU PILLAI (*Trivandrum-Rural*) : May I know whether Government have considered the desirability of having a separate department for income tax ?

DEPUTY PRESIDENT : The member has sat down.

MR. A. S. DAMODARAN ASAN (*Mavelikara*) : Sir, I rise to oppose the motion before the House. I am one of those who hold the view that income tax is an equitable tax that should be levied upon the people by the State. We have advocated the reduction of certain taxes on the ground that those taxes as now levied do not depend upon the income of the persons who are taxed. So it is the duty of this House to enable the Government to realise as much tax as possible from persons who get a good income through their professions.

MR. K. R. ELENKATH (*Kalkulam I*) : May I know from the member whether there is any diversity of opinion on that point ?

MR. A. S. DAMODARAN ASAN (*Mavelikara*) : Oh, yes. Otherwise, this motion would not have come here.

MR. S. J. NAIR (*Nedumangad*) : May I know from the member whether persons who have not got sufficient income are being assessed ?

MR. A. S. DAMODARAN ASAN (*Mavelikara*) : Exactly. That is one of the reasons why I support this step. So when the Land Revenue Commissioner comes to this House and says that he is unable to get a correct idea or to get at all the persons who could be assessed to income tax through the present machinery, is it proper for this House to reject that demand and say that he should get on with the present arrangement ? It is my view that the present Tahsildars and their Assistants, doing this work as a subsidiary work, could not do it either to the satisfaction of the Government or of the assessees. I know that they do not care much for the interests of the assessees. Moreover, they have no time to do the work. I know many instances in which persons have been assessed who have not got the prescribed income. They do not care even to look into the accounts of all the assessees because they have no time to do it. They more or less depend on the reports of their subordinates. So what I think is that it is in the interests of the assessees that there should be proper officers for collecting income tax. As suggested by my friend by means of a question, whether the persons who are given this power should not be men of status, my view is that they must be men on whom sufficient reliance could be placed. It is a place from which the power could be abused. So, what I would suggest is that the Land Revenue Commissioner must take particular care to see that the persons appointed for this particular work are thoroughly reliable and that men of very high character alone are appointed. (*Mr. R. Sambasiva Aiyar : Hear, hear.*) It is not my view that the character of the person depends upon the pay that he receives. It is not very difficult for the Land Revenue Commissioner

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to get persons of high character who would not abuse their position even for this pay of Rs. 175. All that I would suggest is that the Land Revenue Commissioner should be very careful in recruiting proper persons to this place. If it is found that as a result of the present arrangement the Income Tax Department is going to get a higher income next year and that the department could be worked more efficiently, we will only be glad to sanction more collectors in the succeeding year's budget.

MR. PACODE A. NARAYANA PILLAI (*Vilavankod*): I oppose the motion of Mr. Elenkath and I am in entire agreement with the proposal of the Government that two new collectors of income tax be appointed to start with as a trial. Sir, the income tax work is a technical piece of work which requires men, as was said by the Land Revenue and Income Tax Commissioner, who have got special knowledge in this branch. Well, Sir, in all well-ordered States, income tax is the most equitable, the most elastic and the most progressive item of revenue. It is most elastic in its revenue-yielding capacities, because with the general rise in the income of the people there will be a corresponding rise in the revenue coming to the exchequer. Then again, it is most equitable in its incidence. The assessee or the payee has to pay only according to the income that he earns: and then, as I submitted, it is the most progressive item of revenue. Well, Sir, though this income tax was introduced in our State well nigh twelve years ago under the Income Tax Regulation, I submit that the Government committed an initial blunder in tagging this highly technical piece of work to the Land Revenue Department. I say that this new move on the part of the Government is only a beginning in the right direction. I hope it will result in the formation of a new department entirely devoted to income tax work. Well, Sir, this tagging of the income tax work to the Land Revenue Department when the Regulation was introduced was like pouring old wine into new bottles. There is a good deal of difference in principle between the land revenue assessment and the income tax assessment and their collections. The land revenue, as we all know, is being collected by a rule of thumb method. We have still a land register. During the last settlement, all the lands were surveyed and assessments fixed and *Pattadars* determined. It is on the basis of this land register that land revenue collections are made; but in the case of income tax no such register exists. Here we have to rely on unknown sources spread over a larger area. It is possible that in such a system many persons who are bound to pay income tax by virtue of their income could escape the payment of the tax. So, Sir, this proposal of the Government we have to accept as a sound proposal, as we all know that the income tax is the most accurate financial barometer of the material condition of a State. Moreover, there will be certainly more and more revenue coming from this source and that will only contribute to the general advancement of the whole State. So I oppose the motion and I am in full agreement with the Government's proposal.

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MR. K. R. ELENKATH (*Kalkulam I*): After hearing from the Land Revenue Commissioner that these new posts are to be only experimental ones and that he himself has come across personal instances of leakage for want of proper assessment, I do not press this motion. But I cannot but make this observation before withdrawing the motion. The income tax figures referred to by Land Revenue and Income Tax Commissioner have diminished considerably from 1104 which is the year in which the economic depression commenced and that supports my contention all the more that the economic depression is the main reason for the diminution of revenue under income tax. With this observation, I withdraw my motion.

DEPUTY PRESIDENT: Does the House permit Mr. Elenkath to withdraw the motion?

The motion was, by leave, withdrawn.

Motion No. 459.

MR. S. CHATTANATHA KARAYALAR (*Shencotta*): I rise to move again my motion to reduce the allotment of Rs. 3,850 for Collectors (Temporary), by Rs. 5 to discuss the case for the appointment of temporary collectors. I have already spoken about my motion.

MR. R. SAMBASIVA AIYAR (*Kunnatnad II*): In supporting this motion, I desire to make this obervation that the person selected as the income tax collector should be of a respectable character, for we find that the real assessing officers now are not the Dewan Peishkars or the Division Assistants. It is their clerks. We have to take our books to the clerks who take them to the Dewan Peishkar to get his initials only. In a case argued before the Honourable High Court, Chief Justice Mr. Thaliath observed on Reference order written by the Income Tax Commissioner that the only order written by the Commissioner was "yes". The whole thing was written by the clerk.

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): May I know from the member whether that was a part of the judgment?

MR. R. SAMBASIVA AIYAR (*Kunnatnad II*): No. It was only an observation. That is what happens. My point is that the person responsible for the collection of income tax should be not merely of respectable character but should also be well-versed in the law relating to income tax.

MR. P. K. NARAYANA PILLAI (*Ambalapuzha I*): The motion as it stands is for the appointment of more income tax collectors. All the members who spoke before me have made a case for their appointment. As a case has been made out on a previous occasion, I have nothing more to add.

DEPUTY PRESIDENT: That certainly is very resonable and a commendable attitude. The motions are more or less indentical except for the amounts.

MR. K. GEORGE (*Land Revenue and Income Tax Commissioner*): It is my intention to appoint to this responsible post only persons who are efficient and quite fit for the post.

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MR. S. CHATTANATHA KARAYALAR (*Shencotta*) : Have you got any officers in view ?

MR. K. GEORGE (*Land Revenue and Income Tax Commissioner*) : I have not anybody in view. I have already recommended to Government that the two persons selected may be sent to Madras for training before they are appointed to their posts.

MR. S. CHATTANATHA KARAYALAR (*Shencotta*) : I beg to withdraw my motion.

The motion was, by leave, withdrawn.

Motions Nos. 462 to 469.

The following motions were not moved :—

MR. S. J. NAIR :

462. To omit the allotment of Rs. 3,850 for Collectors (Temporary).

MR. K. PADMANABHAN :

463. To omit the allotment of Rs. 3,850 for Collectors (Temporary).

MR. A. THANU PILLAI :

464. To omit the allotment of Rs. 3,850 for Collectors (Temporary).

MR. S. NILAKANTA PILLAI :

465. To reduce the allotment of Rs. 5,410 for salaries by Re. 1.

MR. R. RAMAN PILLAI :

466. To omit the allotment of Rs. 2,508 for Head Clerks, Head Peons and Peons (Temporary).

MR. POTTAYIL S. KRISHNA PANICKAR :

467. To reduce the allotment of Rs. 11,653 for establishment by Re. 1.

MR. R. MAHOMED HANEEF :

468. To reduce the allotment of Rs. 11,653 for establishment by Re. 1.

MR. T. P. VELAYUDHAN PILLAI :

469. To reduce total allotment of Rs. 22,151 under Demand VII by Re. 1.

Motion No. 470.

MR. KAINIKKARA M. PADMANABHA PILLAI (*Changanachery I*) : Sir, *I move that the total allotment of Rs. 22,151 under Demand VII be reduced by one rupee.*

I might at the very outset say to the Assembly that this is what I should call a very innocent motion for it does not attempt to criticise the Government as a whole or any department in particular, but it does merely suggest to Government the necessity for considering a change in the method of taxation that is being followed now. Yesterday we heard a good deal of discussion about the reduction of land tax. As Mr. Asan pointed out, the income derived from land is fluctuating, whereas the tax on the land remains constant. At present any person can invest any sum in any business and yet he can be entirely free from taxation if his income does not reach Rs. 2,000. But if he happens to invest the money in land, the very act of such investment makes him liable for payment of tax independent of the income he gets from land. The only escape from this position is, I believe, to alter the present policy of taxation.

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MR. K. R. ELENKATH (*Kalkulam I*) : I rise to a point of order. We are now dealing with the Income Tax Department, and we have nothing to do with the land revenue questions.

MR. KAINIKKARA M. PADMANABHA PILLAI (*Changanachery I*): May I explain ?

DEPUTY PRESIDENT : I think that the member may be allowed to go on without any explanation.

MR. KAINIKKARA M. PADMANABHA PILLAI (*Changanachery I*): The natural question that would come from the Government Benches is that, if land tax is not quite conducive to the benefit of the people, where is the possibility of making up the loss that will be incurred by the removal of the tax on land. That is answered by the second part of the resolution. I want the Government not to lose a pie. What I request Government is merely to make no invidious distinction against the cultivator for the simple fault of having invested his money on land which is even to-day the most important productive source in the State. Sir, the abolition of land tax would result in a loss to Government because to-day incomes far below Rs. 2,000 are being taxed in the case of incomes from land whereas in the case of income tax the minimum taxable income continues to be Rs. 2,000. The second part of my motion says that the taxable minimum income should be brought down to Rs. 500. Sir, it is said that the average income of an individual in Travancore is Rs. 50 per year and the average family consists of 5 members. Therefore the average income of a family comes to be about Rs. 250. Therefore any head of a family who derives an income above Rs. 250 can reasonably be taxed on every rupee above Rs. 250.

Therefore, just because I do not wish the change to be too adrupt, I have made a liberal concession in bringing the sum down to Rs. 500 and not to Rs. 250. I would point out to the Government that the actual sum is not very important to me. As a beginning, it may be brought down to Rs. 700 only or even to Rs. 1,000 only. What I would suggest to Government is that the present method of taxation must be completely changed, land income must also be brought under one and the same category as other incomes for taxation and the loss thus incurred by the Government must be made good by bringing down the minimum taxable income to, even as far as, Rs. 500. I know that the financial implications of my suggestions are very broad and I do not expect that the Income Tax Commissioner would be in a position to give a final answer to this question now. But I would request the Income Tax Commissioner and the Government to consider this whole question deeply. I would remind them how, during the last Budget Session as well as this, this side of the House, though we fully realise our responsibility and fully understand that Government themselves are not in very affluent circumstances, even though we are in full sympathy with the difficulties of Government, yet we had greater sympathy for ourselves and were constrained to carry in this Assembly severe cut motions recommending remissions in land tax. Government should

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remember this and make it possible for the tax to vary automatically with the variations in income. I would finally request Government to notice that side of the problem and meet my motion in the light of that.

MR. K. R. ELENKATH (*Kalkulam I*): May I know from the member whether he suggests that assessment should be revised every year in that case according to the variation in market prices of the products?

MR. KAINIKKARA M. PADMANABHA PILLAI (*Changanachery I*): I can only say if the member had paid greater attention to the manner of taxation on income, that question ought not to have arisen.

DEPUTY PRESIDENT That is another question.

MR. P. CHIDAMBARAM PILLAI (*Commerce and Industry, South*): My first idea was—of course I represent the constituency of Commerce and Industry—to abolish the income tax altogether.

But the second is that if income tax is to be abolished altogether, my constituency itself will disappear and therefore I support the motion of my friend Mr. Padmanabha Pillai to the effect that what I understand from the arguments is that both the taxes cannot be retained. If there is going to be the income tax, to that much extent there must be a reduction in land tax also. That is how I have understood it, and I believe that proposition will be accepted by the Land Revenue Commissioner who is also the Income Tax Commissioner. Because, in seconding the motion for introducing the Income Tax Regulation on the 2nd June 1921, Mr. George, who was then the Financial Secretary to Government, in supporting the Bill spoke like this:—

> "And I may here tell you that the levy of income-tax was one of the means advocated by the Committee to raise the additional funds required to meet the growing educational expenditure. In the same way the Department of Public Works, Agriculture and Industries will have to be given higher grants to carry out various essential schemes of development.
>
> "There is yet another matter which is yet going to cost the Government heavy expenditure. I have already referred to the large increase in wages. Government servants are also wage-earners. The present high cost of living has hit them hard, especially the lower subordinates; and the position became so acute that the Government had to grant to its subordinate officers drawing up to Rs. 55, a temporary scarcity allowance varying between Rs. 1½ and Rs. 5. This item alone comes to about Rs. 6½ lakhs a year. It does not look as if prices were going to show any appreciable fall, so that these allowances may be discontinued: on the contrary all experts agree that the present increased prices have come to stay, at least to a considerable extent. In view of this, the question of permanently increasing the salaries of the low-paid servants is a problem that cannot be postponed any longer; and as your are aware the Government have already appointed a Salaries Committee to consider this question."

In view of this, the question of permanently increasing the salaries of low-paid servants is a problem that has to be decided by the appointment of Public Service Committee. Of course, now, the prices have gone down to one-third of what it was in 1921 . and not only that, it has come to stay there. Therefore, I would expect that there must be a reduction of expenditure, at least there must be a salary cut, especially in the case of higher officers.

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[Mr. P. Chidambaram Pillai.]

Secondly, it is admitted throughout that trade is in a very bad way and that fact has to be considered. Therefore I have absolutely no objection for the people who get any profit being taxed. But in these hard days, there are some people who, whether they are making any profit or indeed any loss, must be treated with consideration and that is why I say these income tax collectors should be men of high character and status. Because, business is carried on with very great risk. In these days there may be businessmen who may be really getting profits and there may also be persons who are running their business at a loss. Such persons who cannot afford to pay their taxes must be prepared to tell at the outset that they are running at a loss. These small factors have to be taken into consideration.

There are two classes of people, Sir, traders and Vakils to whom the Income Tax Department must be very considerate. Of course, some of the Vakils may not be prepared to say what their actual income is. Instructions must be given that the Department must not be very hard upon the Vakils.

MR. PACODE A. NARAYANA PILLAI (*Vilavankod*): May I know from the member whether, in certain cases among traders, two accounts are kept?

MR. P. CHIDAMBARAM PILLAI (*Commerce and Industry, South*): Every one tries to produce false accounts in order to avoid payment of income tax.

MR. M. N. NAIR (*Kottayam I*): മി. പത്മനാഭപിള്ള ഇവിടെ ഫാജരാക്കിയ ഉപക്ഷേപത്തെ ഞാൻ സന്തോഷപൂർവം അനുകൂലിക്കുന്നു. കഴിഞ്ഞകൊല്ലംതന്നെ ആദായനികുതിയെസംബന്ധിച്ച് ഞാൻ സംസാരിച്ചപ്പോൾ തിരുവിതാംകൂർ ഗവണ്മെൻറിന് ഭൂമിഉടമസ്ഥന്മാരോട് ഒരു വിപരീതമനഃസ്ഥിതിയാണുള്ളതെന്ന് തോന്നുമെന്ന് ഞാൻ പ്രസ്താവിക്കുകയുണ്ടായി. ഭൂനികുതി പിരിക്കുന്നതിനേക്കാൾ ആദായനികുതി പിരിക്കുന്നതിലാണ് ഗവണ്മെൻറു കൂടുതൽ ശ്രദ്ധ പതിപ്പിക്കേണ്ടതെന്ന് ഞാൻ അന്നു നിർദ്ദേശിച്ചിരുന്നു. ഭാഗ്യവശാൽ ഒരു കൊല്ലത്തിനുശേഷം എന്റെ ഈ അഭിപ്രായത്തെ അനുകൂലിക്കുന്ന വളരെ ആളുകൾ ഇവിടെ കാണുന്നതിൽ എനിക്കു അതിയായ ചാരിതാർത്ഥ്യമുണ്ട്. നമ്മുടെ സംസ്ഥാനത്തു സാമ്പത്തികാഭിവൃദ്ധിയും തൊഴിലാളികൾക്കു മെച്ചപ്പെടുവും വേണ്ടിടത്തോളം ഉണ്ടാകാതിരിക്കുന്നതിനുള്ള കാരണം പുതിയരീതികളെ സ്വീകരിക്കുന്നതിൽ നമ്മുടെ ഭരണാധികാരികൾക്കുള്ള വൈമുഖ്യമാകുന്നു. പരിഷ്കൃതങ്ങളായ നവീനസമ്പ്രദായങ്ങൾ സ്വീകരിക്കുന്നതിൽ തിരുവിതാംകൂർ ഇന്നും വെറും യാഥാസ്ഥിതികമായിട്ടാണു കഴിഞ്ഞു

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പോരുന്നതു്. ഭൂനികുതിയും ആദായനികുതിയും തമ്മിൽ താരതമ്യപ്പെടുത്തിനോക്കുമ്പോൾ ഇന്നത്തെ രീതിയിലുള്ള ഭൂനികുതിയേക്കാൾ ജനങ്ങൾക്കു സന്തോഷകരമായിരിക്കുന്നതു് ആദായനികുതി ഏർപ്പെടുത്തുകയാണെന്നുള്ളതിനു സംശയമില്ല. ആദായനികുതി എന്നുവെച്ചാൽ കിട്ടുന്ന ആദായത്തിന്റെ ഒരംശം എന്നാണു്. ഭൂനികുതി എന്നുവച്ചാൽ ഭൂമിയുടെ ആദായത്തെ പരിഗണിക്കാതെ ഭൂമിഉടമസ്ഥന്മാർ കൊടുക്കാൻ ചുമതലപ്പെട്ടിട്ടുള്ള ഒരു നികുതിയാണു്. ഭൂമിയിൽനിന്നും ആദായം കിട്ടുന്നില്ലെങ്കിലും ഭൂനികുതി കൊടുക്കണമെന്നുള്ളതു് നിർബന്ധമാണു്. ഭൂനികുതി ഇളവുചെയ്തുകൊടുക്കണമെന്നുള്ളകാര്യം ഇവിടെ വാദപ്രതിവാദംചെയ്ത അവസരത്തിൽ ഭൂമിയിൽനിന്നും ആദായം കിട്ടുന്നില്ലെങ്കിൽ ഭൂമി ഉപേക്ഷിക്കുന്നതോ എന്നു ചിലർ ചോദിക്കുകയുണ്ടായി. ഭൂസ്വത്തുക്കൾ ഉപേക്ഷിക്കുന്നതിനുള്ള വിഷമങ്ങൾ എത്രമാത്രമുണ്ടെന്നു് അല്പം ആലോചിച്ചാൽ നമുക്കു മനസ്സിലാക്കാൻകഴിയും. ഉള്ളസ്ഥലത്തു് ഒരു വീട്ടുംകെട്ടി അവിടെ ഭാര്യയും കുട്ടികളുമായി താമസിക്കുന്നവൻ മറ്റൊരു വഴിയും കണ്ടില്ലെങ്കിൽമാത്രമേ ആ സ്ഥലം ഉപേക്ഷിക്കുവാൻ തയ്യാറാകുകയുള്ളു. ഭൂമിയിൽനിന്നും എന്തെങ്കിലും ആദായം കിട്ടണമെന്നു് വിചാരിച്ചു് കടംവാങ്ങിച്ചു കഷ്ടപ്പെടുന്ന ആളുകൾപോലും ഭൂമി ഉപേക്ഷിക്കുന്നതായി കാണുന്നില്ല.

ഭൂസ്വത്തുടമസ്ഥന്മാർ വളരെ വിഷമിക്കുന്ന ഒരു കാലമാണു് ഇതു്. ആ സംഗതിയിൽ ഗവണ്മെൻറിനുതന്നെ അനുഭവമില്ലാതെയില്ല. ഭൂനികുതി ഇളവുചെയ്യുന്നപക്ഷം മറേറതുവിധത്തിൽ ആദായം ഉണ്ടാക്കാമെന്നു് അറിയാതെ ഗവണ്മെൻറു് വിഷമിക്കുന്ന ഈ ഘട്ടത്തിൽ മി. പദ്മനാഭപിള്ള കൊണ്ടുവന്ന ഈ ഉപക്ഷേപത്തിൽ അടങ്ങിയിരിക്കുന്ന തത്വം വളരെ ഗാഢമായി ഗവണ്മെൻറു് ആലോചിച്ചു് അതിനെ സ്വീകരിക്കേണ്ടതാണു്. ഭൂനികുതി ഇളവുചെയ്തുകൊടുക്കണമെന്നുള്ളകാര്യം ആലോചനക്കെടുത്തപ്പോൾ സാധാരണ ജനങ്ങൾക്കു് അതുകൊണ്ടു വലിയ പ്രയോജനമൊന്നും ഉണ്ടാകുകയില്ലെന്നും ഭൂനികുതി കൊടുക്കുന്നവർ വളരെ കുറവായതുകൊണ്ടു് ചിലക്കുമാത്രമേ അതു് അനുകൂലമായിരിക്കുകയുള്ളു എന്നും ഗവണ്മെൻറുഭാഗത്തുനിന്നും അനുദ്യോഗസ്ഥന്മാരിൽ ചുരുക്കം ചിലരും പറയുകയുണ്ടായി. ഭൂമിഉടമസ്ഥതയിൽനിന്നും യാതൊരാദായവും കിട്ടാത്തവർ മറുവിധത്തിൽ ആദായം ഒന്നും കിട്ടാതെ ദാരിദ്ര്യത്തിൽ മുഴുകുകയാണു് എന്നു് ഇതിൽനിന്നും അനുമാനിച്ചുകൂടാ. അവർ മറുവിധത്തിൽ ധാരാളം ആദായം ഉണ്ടാ

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ക്കുന്നുണ്ടെങ്കിലും നികുതികൊടുക്കുവാൻ നിർബന്ധിതരല്ലെന്നുള്ള ഗ ണമാണു അവക്കുള്ളതു്. ഇന്നത്തെ കണക്കുനോക്കിയാൽ വസ്തു ഉടമസ്ഥന്മാർ അവരുടെ ഭൂമിഉടമസ്ഥാവകാശത്തിനുമാത്രം നികുതികൊ ടുത്താൽ പോര എന്നു കാണാം. ആ ഭൂമിയിൽ തെങ്ങു നട്ടുവളത്തി യാൽ അതിന്റെ ആദായത്തിനു ഒരു നികുതികൊടുക്കണം. അതിൽ നിന്നും കിട്ടുന്ന തേങ്ങയോ, കൊപ്രായോ, വെളിച്ചെണ്ണയോ തിരുവി താംകൂറിനുപുറത്തു കൊണ്ടുപോയി വിൽക്കണമെങ്കിൽ അതിനു പ്ര ത്യേകം നികുതികൊടുക്കണം തേങ്ങയുടെ തൊണ്ടുപിരിച്ചു കയർ വി റഴിക്കുന്നതിനും കരം ഈടാക്കുന്നുണ്ടു്. ഇതിനുംപുറമേ തെങ്ങിൽനിന്നും കള്ളുചെത്തിഎടുക്കുവാൻ വിചാരിക്കുന്നവർക്കു് ചെത്തുകരംകൊടുക്കുന്ന തുകൂടാതെ വൃക്ഷക്കരവുംകൂടി കൊടുത്തേതീരു. ഇങ്ങനെ ഒരു വസ്തുവി നുവേണ്ടിത്തന്നെ വീണ്ടും വീണ്ടും നികുതിഭാരം ചുമത്തുക എന്നുള്ള ഒരു രീതി ഒരിക്കലും ആശാസ്യമായ ഒരു നയമല്ല. അതിനാൽ ഭൂനികുതി മാറ്റി ആദായനികുതി ഏർപ്പെടുത്തുക എന്ന തത്വം ഇപ്പോഴെതന്നെ ഗവണ്മെൻറു് അംഗീകരിക്കേണ്ടതാണു്. വളരെക്കാലം ഇവിടെ നില നിന്നുപോരുന്ന ഒരു തത്വം ഇപ്പോഴെതന്നെ മാറണമെന്നോ മാറ്റാൻ കഴിയുമെന്നോ ഞാൻ പറയുന്നില്ല. പക്ഷെ ഭൂനികുതിപിരിക്കുന്നരീതി തീരെ അനാശാസ്യമായിരിക്കുന്നതിനാൽ അടുത്ത ഭാവിയിലെങ്കിലും അ തു മാറ്റി ഒന്നാകെ ആദായനികുതി ഈടാക്കുന്ന ഒരു ഏർപ്പാടുവരുത്ത ക്കവണ്ണം ഏതെങ്കിലും ഒരു പദ്ധതി ഇപ്പോഴേ രൂപീകരിക്കണമെന്നാ ണു് ഞാൻ പറയുന്നതു്.

ആദായനികുതിയെപ്പറ്റി പറയുമ്പോഴെല്ലാംതോറും ഓരോ രുത്തനും എത്രമാത്രം ആദായം കിട്ടുമെന്നുള്ളതു് സൂക്ഷ്മമായി കണ്ടുപി ടിക്കുവാൻ വളരെ വിഷമംനേരിടുമെന്നുള്ളതു് ഒരു പരമാർത്ഥംതന്നെ. ഭൂനികുതിയെപ്പോലെ ആദായനികുതി സ്ഥിരമായി ആണ്ടുതോറും കിട്ടി ക്കൊണ്ടിരിക്കുകയില്ല. ഓരോകൊല്ലവും ഓരോരുത്തർക്കും കിട്ടുന്ന ആ ദായം മാറിമാറിവരുന്നതുകൊണ്ടു് അതിന്മേൽ ചുമത്തുന്ന നികുതിയും ആണ്ടുതോറും മാറിക്കൊണ്ടിരിക്കും. അതുകൊണ്ടു് ആദായം തിട്ടപ്പെ ടുത്തുന്നതിനായി നിയമിക്കപ്പെടുന്ന ആളുകൾക്കു അതു സൂക്ഷ്മമായി ക ണ്ടുപിടിക്കുന്നതിനു പ്രത്യേകം സാമർത്ഥ്യമുണ്ടായിരിക്കണം. ഇപ്പോഴ ത്തെ രീതി അനുസരിച്ചു നോക്കുകയാണെങ്കിൽ ആദായം ഇല്ലാത്ത ആ ളുകളുടെ അടുക്കൽനിന്നുകൂടി ആദായനികുതി വസൂലാക്കുന്നുണ്ടു്. കു റച്ചു നല്ലസ്ഥിതിയിൽ താമസിക്കുന്നവക്കു് നല്ല ആദായം കിട്ടിക്കൊ

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ണ്ടിരിക്കുകയാണെന്ന് ഉദ്യോഗസ്ഥന്മാർ ധരിക്കുന്നു. എല്ലായ്പോഴും അതു വാസ്തവമായിരിക്കുകയില്ല. നല്ല ആദായം കിട്ടിക്കൊണ്ടിരിക്കുന്ന ഒരുവനെപ്പോലെ, ഇവനും തന്റെ ശീലമോ, മോഹമോ, മറ്റുപരിസരങ്ങളോകൊണ്ട് ജീവിച്ചുവരുന്നുവെന്നേയുള്ളൂ. നേരേമറിച്ച് ഏറ്റവും ദാരിദ്ര്യത്തോടുകൂടി ജീവിക്കുന്നതായി കാണുന്ന ചിലർക്ക് ആണ്ടുതോറും നല്ല ആദായം കിട്ടിക്കൊണ്ടിരിക്കുന്നുവെന്നും അവന്റെ സഹജമായ ലുബ്ധുകൊണ്ടു ദാരിദ്ര്യാവസ്ഥയിൽ കഴിയുകയാണെന്നുംവരാം. അതിനാൽ ആളിനെകണ്ട് സ്ഥിതിനിശ്ചയിക്കുന്ന ഒരു നയം മാറേണ്ടതു ത്യാവശ്യമാണ്.

ക്രടാതെ, ഇങ്ങനെ ആദായനികുതി ഏർപ്പാടു നടപ്പിൽകൊണ്ടുവരുന്നപക്ഷം അതുകൊണ്ട് വേറൊരുഗുണംകൂടി ജനങ്ങൾക്ക് ലഭിക്കുന്നതാണ്. ഇന്ന് വരവിനും ചെലവിനും കണക്കെഴുതിച്ചെയ്യുന്ന ഒരു ശീലം കർഷകന്മാർക്കില്ല. ആദായനികുതി ഏർപ്പെടുത്തുന്നപക്ഷം കണക്കെഴുതുന്ന ഒരു ശീലം ജനങ്ങൾ പഠിച്ചുകൊള്ളും. ആ ശീലമുണ്ടായാൽ ക്രമേണ വരവറിഞ്ഞു ചെലവു ചെയ്യുന്നതിനും കൂടുതൽ ആദായമുണ്ടാക്കുന്നതിനും അവർ പ്രാപ്തന്മാരാകും. തൻമൂലം വ്യവസായത്തിനും വ്യാപാരത്തിനും മറ്റും അവർക്കുറെക്കൂടി സമർത്ഥന്മാരായിത്തീരും. വ്യവസായത്തിനും വ്യാപാരത്തിനും ജനങ്ങൾക്ക് താല്പര്യവും പ്രാപ്തിയും ലഭിക്കാത്തിടത്തോളംകാലം സാമ്പത്തികമായ ഐശ്വര്യം ഒരിക്കലും രാജ്യത്തിനുണ്ടായിരിക്കയില്ല. അതിനാൽ മി. പദ്മനാഭപിള്ളയുടെ ഉപക്ഷേപത്തിൽ അടങ്ങിയിരിക്കുന്ന തത്വത്തോടു ഞാൻ ഹാർദ്ദമായി അനുകൂലിച്ചുകൊള്ളുന്നു.

MR. EDAVANATT S. PADMANABHA MENON (*Shertala I*) : Sir, I have much pleasure in supporting the motion brought forward by Mr. Kainikkara M. Padmanabha Pillai. In doing so I do not wish to make a long speech but I would like to make one or two observations.

DEPUTY PRESIDENT : That is a speech.

MR. EDAVANATT S. PADMANABHA MENON (*Shertala I*) : Of course, I know that the motion is against the accepted canons of orthodox finance and these new principles will be resisted by the present Financial Secretary. It is well recognised that we have exhausted the possibilities of land tax. The income tax is based on a more equitable basis, and it has much scope for expansion. The principle of income tax is recognized all over the world, and the Land Revenue and Income Tax Commissioner has rightly observed that the possibilities of that taxation have not been sufficiently explored in our State. As my friend Mr. M. N. Nair has observed, we are paying a direct land tax and a number of incidental indirect taxes all based on the surplus of income derived from the agricultural holding. After all, Sir, it is an irony of fate that though the agricultural population which form the major portion of the population of the State is over-represented in this

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[Mr. Edavanatt S. Padmanabha Menon.]

Assembly, and more than 75 per cent. of the non-official members come on the agriculturists' ticket, even then we have not been able to urge and to urge successfully upon the earnest attention of the Government to do something substantial to put the much distressed agriculturists again on their feet. From the discussion we have had for the last few days, this House is convinced how appalling is the agricultural indebtedness of the people; and at the same time we must realise that we have a growing demand on the finances of the State to meet the growing expenditure of a modern State. So this House cannot shut its eyes to the fact that we must find in co-operation with the official members more money year by year if we are to have all the amenities of civilized life, and every citizen of Travancore is to be given the full opportunity and full scope to grow up to his normal stature. Under these circumstances, at least as an experimental measure, it is open to the Financial Secretary to seriously consider this doctrine of public finance. My submission is that the question deserves earnest attention at the hands of the Government financial expert so that at least in the course of a few years the heavy burden of land tax, the tax on agriculturists may be reduced and we may find out a more equitable and at the same time more substantial special source of revenue for the State.

MR. K. KUNJUKRISHNA PILLAI (*Quilon. I*): Sir, I wish to add a few words in support of the motion. Sir, it would be admitted that, of all taxes, tax on the income is the most equitable that has been devised as yet. There is the consolation for the assessee that he has to pay only on the surplus income. It has been accepted by financiers, Sir, provided the Government can be trusted to spend the money that it levies as taxes from the people wisely and to the exclusive benefit of the State, all surplus funds beyond necessities may be entrusted with Government. By that I wish to be understood clearly, I wish to postulate that the Government should be so responsible and so responsive that the surplus amount, if credited in the hands of Government, will be utilized to the best advantage of the whole State. If that proposition is admitted and such a Government we can obtain, then nobody will be averse to pay taxes on surplus incomes after meeting the expenses for the necessaries of life. So what I wish to suggest is Rs. 500 or even a lesser amount, Sir, Rs. 300 may be fixed as the absolute minimum for meeting the expenses on the necessities of life. After deducting that minimum, the surplus amount should alone come in for taxation. Now a man who gets 1,999 Rupees is not taxed at all whereas a man who gets Rs. 2,000 has to pay the tax on the whole amount. That is unfair. If Government consider that Rs 1,999 is to be taken as the amount required for meeting the expenses for the necessities, benefit to that extent should be given to the man whose income is Rs. 2,000. Only the surplus income should be taxed and I think that is the principle accepted in the income tax law, not in

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British India, but in England and other countries. That seems to be more equitable than the principle contained in the Income Tax Regulation here or in British India. I wish that Government will consider this aspect of the question when they are going to revolutionise the principles of taxation.

MR. K. GEORGE (*Land Revenue and Income Tax Commissioner*): Mr. Kainikkara Padmanabha Pillai, in introducing his motion, said that it is a simple and innocent proposal. But in the course of his speech he admitted that it is on the whole no taxation but a proposal to revise the entire scheme of tenants in the State and the Honourable member Mr. Kunjukrishna Pillai was right when he said that it is a revolutionary proposal. In fact, Sir, it is the most revolutionary proposal that has ever come before this House it aims at revolutionizing the whole system of taxation of the State. Now it may look a very attaractive proposal to abolish taxation on land and have in its place a system of taxation based on incomes. But we forget that our present system of taxation has several centuries of history behind it and that it has come to us from the remote past and it is based on certain assumptions which generations have not questioned. We have also to remember that, in attempting to revolutionize a taxation system which obtains now, we have to take facts as they are. The Government of India is our example in this matter. They have not as yet made any attempt to replace their land tax by a system of taxation based on incomes, because it would be a very revolutionary change. No doubt income tax forms the pivot of the fiscal system in England. That, I think, is chiefly due to the fact that it is an industrial country depending on its industry and commerce. But in a mainly agricultural country like India to get some substantial income which is not of a fluctuating character, the safest thing for the Government to do is to impose a tax on lands.

DEPUTY PRESIDENT: I wish to draw attention to the wording of the explanatory part of the motion. It is to point out the necessity of fixing the minimum at Rs. 500 and to impose income tax on lands instead of the present land taxes.

MR. K. GEORGE (*Land Revenue and Income Tax Commissioner*): I have seen that. His idea is evidently to abolish land tax altogether and in its place levy a tax on all incomes of Rs. 500 and above, including agricultural incomes also within the scope of the Regulation. Sir, as I said before, in a country which is mainly agricultural, no Government would seriously risk replacing a stable income by a fluctuating tax like income tax. So I do not think that the time has come for us to move in this direction. I think it would be far wiser on our part to see if any development of this kind is taking place in British India.

MR. PUTHUPALLI S. KRISHNA PILLAI (*Quilon II*): Is not land tax based on income assessed at the time of settlement and does the member think that tax assessed on the income at present would in any way be less than it was in 1067?

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MR. K. GEORGE (*Land Revenue and Income Tax Commissioner*): Yes. In the case of income tax, you assess the net incomes. In the case of land tax also, the principle is more or less the same. But I fear if you lay down a limit of Rs. 500 on agricultural incomes, our income would be seriously affected. As I have stated in the House before, 55 per cent. of the land owners pay only less than one rupee as tax. Certainly we are not going to get any income tax from them.

RAO SAHIB S. PARAMESVARA AIYAR (*Nominated*): Is there any part in India or British parts where the land tax is altogether abolished?

MR. K. GEORGE (*Land Revenue and Income Tax Commissioner*): Nowhere.

MR. P. CHIDAMBARAM PILLAI (*Commerce and Industry, South*): Is there land tax in England?

MR. K. GEORGE (*Land Revenue and Income Tax Commissioner*): I believe there is no land tax in England. It is an industrial country which can safely get the revenue it needs from other sources.

MR. M. N. NAIR (*Kottayam I*): Is there land taxation in England?

MR. K. GEORGE (*Land Revenue and Income Tax Commissioner*): I do not think there is.

MR. KAINIKKARA M. PADMANABHA PILLAI (*Changanachery I*): Is there any exemption from land tax anywhere in the Indian Empire?

MR. K. GEORGE (*Land Revenue and Income Tax Commissioner*): I retort by asking another question to the member whether there is any place in the Indian Empire without land tax?

MR. A. S. DAMODARAN ASAN (*Mavelikara*): Could a member answer by retorting with another question?

DEPUTY PRESIDENT: I may just make an observation. With regard to Asan's question, I do not consider it sufficiently important that I should pass a ruling.

MR. K. GEORGE (*Land Revenue and Income Tax Commissioner*): Sir, as I say, the mover admitted that this is a revolutionary proposal. It has not been tried anywhere else in India and so far as we are concerned, I would only say that we should not take the lead in this matter, but should wait and see what changes in the fiscal system are introduced in British India.

MR. P. K. NARAYANA PILLAI (*Ambalapuzha I*): I find it difficult to accept the motion especially in the from in which it stands at present. Mr. Kainikkara Padmanabha Pillai would lower the taxable limit of incomes to Rs. 500. He proposes to do away with land tax and to substitute income tax for the present land tax. No doubt, there is some disparity in the incidence of taxation as between land tax and income tax. If a person has movable property yielding income below Rs. 2,000 he is exempt from the levy of income tax. But if he has one rood of land he cannot escape land tax. That is *prima facie* evidence of the inequity

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of taxation. But what about the incidence of income tax itself? Is it so fair and square as the learned mover seems to think? I shall show that there is much unevenness in the administration of income tax also. Take the case of a person with an income of more than Rs. 2,000 living in a municipal town. Such a person has to pay taxes under so many heads, as house-tax, profession-tax, water-tax, electric charges, motor-tax and so forth.

MR. M. N. NAIR (*Kottayam I*): Does the man who lives outside the town get the benefit of water convenience, electricity, good roads, etc. ?

MR. P. K. NARAYANA PILLAI (*Ambalapuzha I*): The tax is not calculated on the basis of cost price or selling price. It has to be paid irrespective of such considerations as in the case of profession tax : and the quantities of tax—

MR. M. N. NAIR (*Kottayam I*): Quantities of tax or quantities of service ?

MR. P. K. NARAYANA PILLAI (*Ambalapuzha I*): That may be in theory. Suppose further he is the head of a family whose expenditure goes up to Rs. 1,000, for the education of children, for medical treatment and so forth. (Mr. M. N. Nair wanted to ask a question.) Let me finish. I thought Mr. M. N. Nair was aware of the ruling from the Chair that a speaker should not be interrupted in the middle of a sentence.

MR. M. N. NAIR (*Kottayam I*): A point of order, Sir.

DEPUTY PRESIDENT: I only suggested that, as far as possible, questions may be reserved to the end of the speech unless the argument of the speaker is not understood ; in exceptional cases questions have to be put.

MR. P. K. NARAYANA PILLAI (*Ambalapuzha I*): Persons with an income of more than Rs. 2,000 are forced to pay tax on their income irrespective of their expenses. So I am asking whether the administration of income tax in Travancore or for that matter in British India, takes into account these outgoings and expenditures before a person is assessed to income tax.

MR. A. S. DAMODARAN ASAN (*Mavelikara*): May I know from the Honourable member that tax should be levied on savings ?

MR. P. K. NARAYANA PILLAI (*Ambalapuzha I*): Yes; that is what I mean. As there are many demands to be met by a person who gets a decent income, he should not be taxed except upon his surplus income. That is not the case now. Therefore, when it is proposed to lower the limit of taxable income to Rs. 500, the motion as it stands overlooks the difficulties of indiscriminate assessment. Hence the motion cannot be accepted without further qualifications and modifications.

The necessity of doing away with land tax up to Rs. 500, is the next portion of the motion. There are however, difficulties in the way of doing this. No doubt, it is open to His Highness the Maha Raja to

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[Mr. P. K. Narayana Pillai]

solve the problem. His Highness, if so pleased, may issue a proclamation giving up the demand on land. Permanent occupancy rights were conferred on the holders of *Pandarappattom* lands on condition of their paying the tax settled on the holdings. If they do not want to pay the tax, it is only fair that they should surrender the lands.

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): May I know whether the member would let me know if the Government is at liberty to surrender the lands?

MR. P. K. NARAYANA PILLAI (*Ambalapuzha I*): Surrender to whom? I do not want to enhance any tax on lands which people enjoy on a permanent basis under specific conditions.

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): May I know whether agricultural income is sought to be taxed because a property is owned by a permanent holder? In regard to those who own land in a permanent way their income from their property should not be taxed.

MR. A. S. DAMODARAN ASAN (*Mavelikara*): I rise to support the motion and raise one point. There are two issues arising out of this motion. One is for the abolition of the land tax and the other is to reduce the minimum assessment of the income tax. My suggestion is that these two recommendations should not be given effect to piecemeal.

DEPUTY PRESIDENT: Mr. Kainikkara M. Padmanabha Pillai, you have only 3 minutes.

MR. KAINIKKARA M. PADMANABHA PILLAI (*Changanachery I*): That is quite enough, Sir. Even as I said at the very beginning, this motion was not introduced for the purpose of getting any immediate relief or with the hope of effecting any immediate change. I am not surprised that the Government did not find their way to accept my proposal, but I am surprised at the way in which they have approached it. For the members of this House have been requesting for cuts in land tax during this budget session as well as the last and I had put forward my suggestion as much in the interests of the Government as in the interests of the people.

The Land Revenue and Income Tax Commissioner told us that I began by saying that my motion was quite innocent but that I subsequently admitted that it sought to effect sweeping changes in taxation. It is quite true. But there is absolutely nothing irreconcilable between a sweeping change and innocence. He further added that Mr. Kunjukrishna Pillai in supporting the motion had stated that it was revolutionary.

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): As a piece of personal explanation I wish to state that I did not say it was revolutionary. What I said was that it was revolutionising.

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MR. KAINIKKARA M. PADMANABHA PILLAI (*Changanachery I*): While thanking my friend, I am quite willing to accept even the word revolutionary. For whatever be the attitude of the Commissioner towards revolutions, I am one who is not afraid of revolutions. Revolutions may be fearful, but they can be absolutely innocent too.

Mr. P. K. Narayana Pillai pointed out that it will be impossible to make good the loss incurred by the Government because no tax is levied on income from lands.

MR. P. K. NARAYANA PILLAI (*Ambalapuzha I*): May I point out that as demanded by the resolution there is no possibility of an income tax being levied on lands.

MR. KAINIKKARA M. PADMANABHA PILLAI (*Changanachery I*): My motion explicitly wants tax to be levied where income from land is above Rs. 500.

MR. P. K. NARAYANA PILLAI (*Ambalapuzha I*): As the laws stand at present, I say, there is no possibility to levy tax on income from land.

MR. KAINIKKARA M. PADMANABHA PILLAI (*Changanachery I*): It is the change of these laws that the motion expressly demands.

In conclusion, Sir, I am not disappointed at the answer given by the Land Revenue and Income Tax Commissioner. For I have absolutely no doubt that before long I will have the pleasure of seeing the very same Commissioner putting forward the very same proposal for the acceptance of this House. The conditions of the country are changing, and changing so quickly that the Government will be forced to find out a way to bring into closer relation the income from land and the tax on land with the steady decline in the productivity of the soil. With the steady fall in the prices of the agricultural products, with the steady increase in population, with the unabated rigour of the economic depression and with the representatives of the people coming every year and demanding huge cuts in land tax, Sir, I do stand here and unhesitatingly prophesy that before long the Land Revenue and Income Tax Commissioner will be forced to stand before this Assembly and beg the permission of this House to effect the very same change in the policy of taxation which he has refused to-day. With these words, I withdraw the motion.

The motion was, by leave, withdrawn.

Motions Nos. 471 to 479.

The following motions lapsed on account of time limit :—

MR. S. J. NAIR:

471. To reduce the total allotment of Rs. 22,151 under Demand VII by Re. 1.

MR. K. C. KARUNAKARAN :

472. To reduce the total allotment of Rs. 22,151 under Demand VII by Re. 1.

MR. S. NILAKANTA PILLAI:

473. To reduce the total allotment of Rs. 22,151 under Demand VII by Rs 5.

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MR. S. CHATTANATHA KARAYALAR :
474. To reduce the total allotment of Rs. 22,151 under Demand VII by Rs 5.

MR. M. N. NAIR :
475. To reduce the total allotment of Rs. 22,151 under Demand VII by Re 1.

MR. A. THANU PILLAI :
476. To reduce the total allotment of Rs. 22,151 under Demand VII by Re. 1.

MR. T. P. VELAYUDHAN PILLAI :
477. To reduce the total allotment of Rs. 22,151 under Demand VII by Rs. 6,358.

MR. A. S. DAMODARAN ASAN :
478. To reduce the total allotment of Rs. 25,151 under Demand VII by Rs. 6,458.

MR. V. RAMAKRISHNA PANICKER :
479. To reduce the total allotment of Rs. 25,151 under Demand VII by Rs. 6,458.

DEPUTY PRESIDENT: I put Demand VII—Taxes on Income—for Rs. 22,151 to the vote of the House.

The Demand was passed and the grant made.

DEMAND VIII—EXCISE DEPARTMENT

MR C. O. MADHAVAN (*Excise Commissioner*) : Sir, I beg to move for a grant not exceeding Rs. 5,96,650 under Demand VIII—Excise.

Statement by Deputy President.

DEPUTY PRESIDENT : Before Mr. Velappan Nair makes the motion, I wish to say a few words on a point which I consider to be of great importance.

Mr. S. Krishna Pillai raised the question whether there was any provision in the Rules or Standing Orders prohibiting personal criticisms. I had already warned Mr. S. J. Nair that his reference to the Tahsildar, Nedumangad, and the observation that that officer knew nothing was out of order, and therefore I ruled Mr. Krishna Pillai out of order. But I feel that the matter should not be left there and that a definite ruling from the Chair on the subject is necessary and will be useful.

Charges of a personal character can, in accordance with well known parliamentary practice, be made, if at all, only when they are debated upon a *substantive* motion, such as a resolution, which can be dealt with by amendment or by the distinct vote of the House. May, on page 217 of his Parliamentary Practice, deals with this matter.

I am also supported in my observation by the ruling given by President Chandarvarkar in the Bombay Legislative Council on the 14th March 1921. He said, referring to some observations made by a member on individual members of a Department, that it is contrary to parliamentary practice because it is contrary to fair play and reasonableness of debate for any member to take advantage of a debate on the Budget for attacking any person, especially one who is in the service of Government. It is contrary to principle to allow the budget debate to drift into lines which amount to a censure upon any individual officer from the proper lines of debate which must be a criticism (or

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